

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MT. OLIVET)	
NATURAL GAS COMPANY, INC., FOR A)	
RATE ADJUSTMENT PURSUANT TO THE)	CASE NO. 9918
ALTERNATIVE RATE FILING PROCEDURE)	
FOR SMALL UTILITIES)	

O R D E R

On April 20, 1987, Mt. Olivet Natural Gas Company, Inc., ("Mt. Olivet") filed an application seeking an increase in rates in order to generate additional revenues of \$10,109 annually, an increase of approximately 6 percent over adjusted test year revenues of \$181,254.

On May 14-15, 1986, the Commission staff performed a limited review of Mt. Olivet's operations for the purpose of evaluating the requested increase in rates. On June 23, 1986, the staff issued its report containing findings and recommendations related to the requested increase. Mt. Olivet filed a response on July 15, 1987, accepting the staff report as submitted and did not request a public hearing.

The staff report, based on the Commission's usual rate-making practices, recommended that Mt. Olivet be granted an increase of \$3,519. The Commission finds the recommendations contained in the staff report to be reasonable, including the recommendations concerning transactions between Mt. Olivet and the Accounting Data Corporation and Mt. Olivet and HEA, Inc. Therefore, the

Commission will grant the increase of \$3,519 resulting in annual operating revenues of \$184,773.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The rates proposed by Mt. Olivet should be denied upon application of KRS 278.030.

2. The rates in Appendix A are fair, just and reasonable for Mt. Olivet and should produce gross annual revenues of \$184,773.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Mt. Olivet be and they hereby are denied.

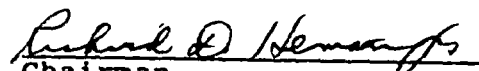
2. The rates in Appendix A are approved for service rendered by Mt. Olivet on and after the date of this Order.


3. Services provided by Accounting Data Corporation and HEA, Inc., shall periodically be reviewed and Mt. Olivet shall seek other competitive bids for these services. This process and its results shall be fully documented. Further, all services provided by Accounting Data Corporation and HEA, Inc., shall be covered by written contract. The contract shall set forth detail with respect to the services provided, charges for those services, and the rights and responsibilities of both parties.

4. Within 30 days of the date of this Order, Mt. Olivet shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 10th day of August, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION IN CASE NO. 9918 DATED 8/10/87

The following rates are prescribed for the customers served by Mt. Olivet Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Rates: Monthly

First	1,000 cu. ft. or less	\$6.57	(Minimum Bill)
Next	4,000 cu. ft. per 1,000 cu. ft.	4.8208	
Next	5,000 cu. ft. per 1,000 cu. ft.	4.6208	
Next	10,000 cu. ft. per 1,000 cu. ft.	4.4708	
Over	20,000 cu. ft. per 1,000 cu. ft.	4.2708	

The rates in this Appendix have been adjusted to reflect purchased gas adjustments filed by Mt. Olivet in Case No. 7800-ZZ and Case No. 7800-BBB.